

वो. सोमनाथन, आई.ए.एस.
सचिव एवं सचिव (व्यय)
Jr. T. V. Somanathan, I.A.S.
Finance Secretary & Secretary (Expenditure)



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वित्त मंत्रालय
व्यय विभाग
Government of India
Ministry of Finance
Department of Expenditure
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D.O. No.1(13)PFMS/FCD/2020

10th August, 2021

Dear Secretary,

Kindly refer to my earlier D.O. letter dated 12th April, 2021 regarding implementation of the revised procedure for release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released communicated by the Department of Expenditure (DoE) vide OM of even number dated 23rd March, 2021. The revised procedure has come into effect from 1st July, 2021.

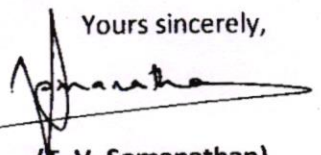
2. After considering the requests received from some of the State Governments and Departments of the Government of India, the Department of Expenditure (DoE) has vide OM of even number dated 2nd July, 2021 granted relaxation of 3 months in two provisions contained in Para 11 & Para 13 of the new procedure. Moreover, the procedure for calculation and remission of interest has also been simplified and conveyed vide OM of even number dated 30th June, 2021.

3. The PFMS Division of the Controller General of Accounts has issued a Standard Operating Procedure (SOP) for implementation of the new procedure vide OM dated 30th July, 2021 (copy enclosed). A comprehensive set of Frequently Asked Questions (FAQs) has also been circulated by DoE vide OM of even number dated 7th July, 2021 to clarify doubts and aid in implementation of the new procedure (copy enclosed). In case of any further clarification, the officers concerned may get in touch with Shri C.V. Prasad, Jt. Controller General of Accounts (cv.prasad@gov.in) or Shri Manish Raut, Asstt. Controller General of Accounts (manish.raut@gov.in). Unresolved issues may be escalated to Ms. Dharitri Panda, Addl. Controller General of Accounts, PFMS (dharitri.panda@gov.in).

4. As the implementation of the revised procedure dated 23rd March, 2021 is extremely important for reducing float, bringing transparency in release and expenditure of CSS funds and saving precious resources, may I request you to ensure strict compliance of the new procedure as contained in the OM of even number dated 23rd March, 2021. I would also request you to periodically review the progress of implementation of the new procedure in your Department with the officers of your Department and with the officers of the Departments concerned of State Governments.

With regards,

Yours sincerely,


(T. V. Somanathan)

Secretaries of Govt. of India

Copy to: Financial Advisers to the Govt. of India

Encl: as above.

C-13015(520-PtII)/MFCGA/PFMS/CSS(EAT)/2021-22/1610
 Public Financial Management System
 O/o Controller General of Accounts
 M/o Finance. D/o Expenditure
 Shivaji Stadium, New Delhi

Dated: 30th July, 2021

OFFICE MEMORANDUM

Subject: SOP on implementation of new procedure of release of funds under Centrally Sponsored Schemes (CSS) of Government of India.

In accordance with the new procedure for release of funds under Centrally Sponsored Schemes (CSS) as issued by Ministry of Finance, Deptt. Of Expenditure vide OM No. I(13)PFMS/FCD/2020 dated 23.03.2021, Standard Operating Procedure (SOP) has been finalised for facilitation of State Departments, State Directorates of PFMS and other stakeholders.

SOP has been prepared for different models of adoption to implement the new procedure of payment under CSS is enclosed herewith. State Departments may refer to Standard Operating Procedure depending upon the model selected by them.

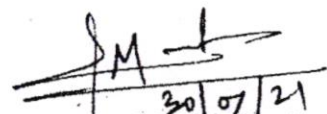
State Departments having any issues may send the same to-

- a) Shri C V Prasad, Jt. Controller General of Accounts (cv.prasad@gov.in)
- b) Shri Manish Raut, Asstt. Controller General of Accounts (manish.raut@gov.in)

A list of State Nodal Officers is also enclosed who may be contacted by the States for any issues in implementation of the new procedure.

This issues with the approval of Competent Authority.

Encls: As above.


 30/07/21
 (Manish Raut)

Asstt. Controller General of Accounts,
 PFMS, O/o CGA.

To,

- 1) All State Finance Departments.
- 2) All Dy.CGAs/ACGAs of State Directorates.
- 3) Sr.AOs/AOs All State Directorates.
- 4) Sr.AO (Admin./ Technology) with request to upload on PFMS Website.

Copy for information to:

- 1) PS to Addl Confotroller General of Accounts, PFMS, New Delhi.
- 2) Jt. CGA Rollout/Technical/GIFMIS/Report/CDN/DBT/Banking Verticals.
- 3) Sh Abhay Kumar, Director, Min of Finance, Deptt. Of Expenditure, 5th floor, Block 11, CGO Complex, New Delhi.

Standard Operating Procedure (SOP) for release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released.

Introduction

The General Financial Rules (GFR-2017) 232(V) prescribes the principle for release of Funds under CSS to State Governments and monitoring the utilization of funds through PFMS. With a view to have more effective cash management and to bring more efficiency in the Public Expenditure Management, Ministry of Finance, Government of India issued Office Memorandum F.No.1(13)PFMS/FCD/2020 dated 23-03-2021 detailing the procedure to be adopted for release of funds under CSS. This procedure is required to be followed by all State Governments and Union Territories and Ministries/ Departments of Government of India with effect from 01-07-2021.

1. Flow of Funds

Ministries/Departments of Government of India advise Reserve Bank of India (RBI) to credit the State Government and UTs (with legislature) Accounts held in RBI (except Sikkim) debiting Gol's account. On receipt of intimation from RBI, State Govts. shall transfer the funds along with State's own share into the bank account of Single Nodal Agency (SNA) as per the time limit prescribed in Para 16 of the OM. The fund stays in the SNA Account and does not percolate down to the agencies down below. SNAs, if necessary, are permitted to open Zero Balance Subsidiary Accounts (ZBSA) for down the ladder agencies (IA). GFR 232(v) further prescribes that funds will be released to States strictly on the basis of balance funds of the CSS (both Central and State's share) available in the State treasury and bank account of the SNA as per PFMS or scheme specific portals fully integrated with PFMS.

2. Preliminary Activities

1. The existing set up of various users viz. SPMU Controller, SPCU, State Finance Department user, State Scheme Manager (SSM), Agency Approver Level 2 shall continue. These users will be responsible for approving SNAs, configuring/on boarding State Linked Scheme (SLS) and create environment for IAs to use PFMS.
2. State Governments/ Union Territories shall notify a Single Nodal Agency (SNA) for implementing each State Linked Scheme (SLS) corresponding to Centrally Sponsored Scheme (CSS). If SLS is not available, same has to be created.
3. The SNA has to open a Bank Account (savings bank account) for each SLS corresponding to Centrally Sponsored Scheme. This is considering the fact that a single CSS could be

implemented by more than one department in a state. Thus, there can be multiple SLS (*similar for umbrella scheme*).

4. The bank account for SNA and IAs should be opened in a scheduled commercial bank having a robust IT system.
5. The existing bank accounts of IAs should be closed and the funds lying in these account must be transferred to SNA account before configuring the scheme on SNA mode.
6. The SSM while registering/configuring an SNA for an SLS will flag the agency as SNA by selecting appropriate option available on PFMS. All existing bank accounts of IAs will be made 'not in use' by the system.
7. IAs can either operate upon SNA Account directly or ZBSA as per operational requirements. If the SNA opts for having ZBSA for the IAs, fresh ZBSAs should be opened. The new ZBSA should be in the same branch or different branches of the SNA's bank.
8. In the case of schemes implemented using PD Accounts or accounts of similar style, the balances need to be transferred to SNA account.
9. States to open separate budget lines for Centre's and State's share of funds, if it is already not there, and share the existing/newly opened budget lines through PFMS-State treasury interface clearly indicating whether a particular head of accounts pertains to centre's share or otherwise. Once the exercise is over, states need to share the data afresh from the beginning of the financial year, after making necessary accounting entries.

3. Mapping of Agencies

SSM need to approach, State Directorate of PFMS stationed in the State Hqrs., with all relevant details such as SLS codes, Bank Account numbers of SNA and ZBSAs, hierarchy of implementation of the SLS etc. for configuring the same in the PFMS portal.

1. The SNA and all IAs need to be registered on PFMS for the respective SLS. It will be the responsibility of the SSM to register and map the first level agency i.e. SNA in the hierarchy, for the Scheme (s) administered by him.
2. Further registration of IAs and mapping the IAs in the hierarchy can be carried out by the upper level agencies.

4. Mapping of Schemes

1. Gol Funds and the corresponding State's share would be transferred to the SN account from the treasuries. State treasury system (IFMS of State) should have the information of SLS, unique code, bank accounts of SNA. These details will be shared by PFMS with State treasuries through web service or any other mode.

2. On release of funds to SNAs by the State treasury system, the payment and other details as per point 1 above should be shared with PFMS through the Treasury Integration route.
 3. The Finance Department in the State shall ensure that the SLS and corresponding heads of accounts (both Centre and State share) are mapped correctly in the PFMS-State Treasury interface. The details can be accessed from TRSY03 report.
 4. Finance Department in the State shall ensure interchange of data with PFMS through Treasury interface module on daily basis. This will facilitate provision of accurate information to various MIS users of Gol and States to monitor the utilisation of funds.
- 5. Models for integration – Various Modules.**

Keeping in view that some States already have dedicated systems for schemes, states may choose **one** of the following methods (for each scheme) available in PFMS:

Model – 1 Use of external system through REAT integration (MIS-Only)

External system provides for all operations – viz. setting of drawing limits, account validation of beneficiaries, etc. **including payment** and provides MIS to PFMS as per REAT Integration document of PFMS.

- a. In this scenario, SNA External System is required to develop an end to end solution for SNAs and IAs with the facility to process account validation and payments. The SNA's IT system will be integrated with PFMS as an external system for **REAT integration** through SFTP mode to share MIS data.
- b. All the masters like Scheme codes, Scheme definition, Scheme hierarchy, Scheme components will be shared to SNA's IT System by PFMS through an API.
- c. The State Nodal Agency code and all its Program Implementing Agencies code, LGD master, payment purpose master, DBT mission code, PFMS bank/branch master and other relevant master data will also be shared to SNA's IT system by PFMS through an API.
- d. SNA logs into the IT system and allocates limits to all child agencies based on budgetary requirements received from child agencies. The limits set on SNA's IT system are exchanged with PFMS through an API. These limits may change or be reallocated by SNA depending on the additional requirement of funds or underutilization of funds by implementing agencies. Any modifications in the limits are to be shared with PFMS through SFTP integration.

- e. SNA and IAs upload/enter their beneficiary/vendor details on SNA's IT system and validates beneficiaries/vendor through the arrangements made in its own system. After the successful validation of vendor/beneficiary account, the vendor/beneficiary details may be shared with PFMS through SFTP mode for generation of vendor/beneficiary code in PFMS which will be informed back to the SNA's IT system so that the IT system can send the transaction details as MIS to PFMS having PFMS vendor code specified at credit level in MIS file. (*Message Exchange format specified in REAT integration document*).
- f. SNA and IAs logs into the IT system. The Payment order (FTO) is processed on the system and validated against limits for all Program Implementing Agencies making payments. The FTOs are then shared with the SNA's Bank through an IT integration with the Bank.
- g. The Bank makes the payments through NACH (NPCI) and sends updated response status of all such payments to the SNA's IT system.
- h. The transaction data for all successful payments made is then required to be shared with PFMS as MIS data (*Message Exchange format of MIS data is specified in REAT integration document*) through SFTP integration.
- i. All MIS/dashboard is made available on SNA's IT System (and on PFMS) viz. SNA's Bank Account Balance, limits vs Expenditure by PIAs, etc.

Model – 2 Use of external system through REAT integration (MIS + Payments)

External system provides for all operations but payment is done in PFMS. The integration should be as per the integration protocols designed by PFMS. The process is elaborated as under:

- a. State Nodal Agency's (SNA) IT system will be integrated with PFMS as an external system through SFTP mode.
- b. All the masters like Scheme codes, Scheme definition, Scheme hierarchy, Scheme components will be shared to External SNA's IT System by PFMS through an API.
- c. The State Nodal Agency code and all its Program Implementing Agencies code, LGD master, payment purpose master, DBT mission code, PFMS bank/branch master and other relevant master data will also be shared to External SIS by PFMS through an API.
- d. SNA allocates limits to all child agencies based on budgetary requirements received from child agencies on their IT system (SIS). The limits set on SIS are exchanged with PFMS through SFTP based REAT Integration. These limits may change or be reallocated by SNA depending on the additional requirement of funds or underutilization of funds by Implementing agencies. Any modifications in the limits are to be shared with PFMS through SFTP as mentioned earlier.

- e. State Nodal Agency as well as child implementing agencies have to first validate their beneficiaries through Beneficiary validation service of PFMS. The beneficiary details will be uploaded on SNA's IT system by SNA and IAs which will then be pushed to PFMS in XML format through SFTP mode for validation or the SNA system may use Centralized Beneficiary validation service on the fly to validate banks details/Aadhaar details while capturing the Vendor/Beneficiary data in SNA's IT system. In case of SFTP mode, PFMS will pick up the beneficiary details from SNA's SFTP, segregate the bank account details of beneficiaries, bank wise and push then to banks' SFTP for validation by banks. Aadhaar number details are pushed to NPCI for validation. On receiving the Account validation response from banks and Aadhaar number validation response from NPCI, PFMS generates beneficiary code for all those beneficiaries whose bank accounts and Aadhaar number are successfully validated. The beneficiary validation status is shared back to SNA's IT system through SFTP / CBM service. The SNA's IT system are advised to generate payment for only validated beneficiaries for whom the beneficiary code is shared otherwise payment orders get rejected at PFMS end.
- f. Program Implementing Agencies also have to register their digital signatures on SNA's IT system and their DSC enrollment details have to be shared to PFMS by SNA's IT system in XML format through SFTP mode. This will enable PFMS to validate the digitally signed payment orders received from SIS.
- g. The Payment orders (FTO) are to be processed by Program Implementing Agencies on the SIS and validated against drawing limits for all PIAs making payments. Once an FTO is generated, the drawing limits of the concerned PIA should be reduced by debit amount in the FTO. For all DBT payments processed by PIAs, the DBT mission code is to be mandatorily specified in the payment order to be sent to PFMS. The digitally signed FTOs are sent to PFMS SFTP. PFMS in turn would process the payment files by validating the signatures against the DSC enrollment details sent by SIS earlier and send the FTOs to SFTP location of State Nodal Agency's bank.
- h. The Bank makes the payments through NACH (NPCI) and sends response files to PFMS. PFMS in turn would send the credit response to SNA's SFTP.
- i. SNA's SIS picks up response from SFTP and updates transaction status of all payments initiated.
- j. All MIS/dashboard is made available on SIS (and on PFMS) viz. SNA's Bank Account Balance, limits vs Expenditure by PIAs.

Model – 3 Use of REAT Module (agencies using PFMS)

Both SNAs and IAs will use REAT module of PFMS for transactions. Prior to any transactions (expenditure/receipts) drawing limits have to be set by the upper level agency. Payments

would be made by the SNAs/IAs directly debiting the SN Account. Where expenditure transactions of IAs using ZBSA are made, this will initially be debited against the ZBSA and the debit will be set off by debiting SN Account. In both cases, the expenditure will be incurred selecting the scheme component, as being done presently. Every expenditure transaction will be validated against the limit balance. A report for monitoring the limits would be available for the SNA and other agencies in the hierarchy. The process is elaborated as under:

- a. The Single Nodal Agency logs into the PFMS portal and allocates limits to all child implementing agencies down the ladder based on budgetary requirements received from child agencies. These limits may be changed or reallocated by SNA depending on the additional requirement of funds or underutilization of funds by Implementing agencies.
- b. State Nodal Agency and the IAs have to upload their beneficiary/vendor details either through data entry UI or excel upload for getting their bank account details and/or Aadhaar number validated for making payments. All those beneficiaries whose banks accounts and/or Aadhaar number are successfully validated will get beneficiary code and becomes eligible for receiving payment.
- c. The State Nodal Agency and implementing agencies have to configure their mode of payment (DSC, PPA/ePA) before starting payment processing. All those agencies who have opted for DSC payments have to enroll their digital signatures on PFMS portal prior to processing payments. The DSC enrollment details are pushed to the SNA's bank for validating the digitally signed payment orders received by the bank later.
- d. For valid beneficiaries, the Payment orders (FTOs) are generated/processed on PFMS portal by SNA and IAs against their available limits only. As soon as an FTO is generated and approved/digitally signed, the limit of the respective agency will be reduced by the debit amount in the FTO. The FTOs are sent to SNA's Bank SFTP location.
- e. The bank need not maintain any drawing limits set for Implementing agencies to validate the payment instructions against available limits. All these will be managed by PFMS. No payment orders will be generated in PFMS unless debit amount is within the available drawing limits of the agency. On receiving the payment instruction, bank has to simply check the availability of funds in the single nodal account. If the funds are not available, bank has to give debit failure with the reason "Insufficient Funds" in the DEBIT RESPONSE.
- f. All the DSC / ePA payments generated by State Nodal Agency and Implementing Agencies are to be processed centrally by the bank where as all PPA payments generated by Implementing agencies will be processed by the local branches of their

subsidiary accounts and those generated by State Nodal Agency are to be processed by local branch of SNA account.

- g. Bank has to ensure that null values in ZBSA by sweeping the debit balances in the main account (Single Nodal Account)
- h. The Bank makes the payments through NACH (NPCI) and sends response files to SFTP.
- i. PFMS picks up response from SFTP and updates transaction status of all payments initiated.
- j. All MIS/dashboard is made available on PFMS viz. SNA's Bank Account Balance, limits vs Expenditure by PIAs, etc.
- k. Some MIS reports are being finalized & generated. The currently available EAT / Treasury reports for MIS are given in Annexure - II

The Banks do not need to make any changes in the existing interface with PFMS and follow same protocol as is currently in place.

Model – 4 Using State IFMIS

The SNA and all IAs work on Integrated Financial Management Information System (IFMIS) of the State integrated with PFMS. In this system SNA account cannot be operated from the Treasury. The State must designate SNAs, Open Single Nodal Account of SNAs in banks and map them in IFMIS. Transfer of funds to PD account or any other account of similar style, by the State or keeping funds in the Consolidated Fund of the state shall **not be permitted**. In other words, the payments pertaining to the scheme is routed through the SNA account. State IFMIS will be integrated with PFMS as an external for **REAT integration** through SFTP mode to share validated vendor/beneficiary data and transaction MIS data. Masters like Scheme codes, Scheme definition, Scheme hierarchy, Scheme components etc. will be shared to State IFMIS by PFMS through an API. All MIS/ dashboard is made available on State IFMIS (and on PFMS) viz. SNA's bank account balance, limits vs expenditure by SNAs and IAs, etc.

New Reports

Apart from various existing Expenditure, Advance & Transfer (EAT) reports, the following reports will be made available to various stake holders such as SNAs, State Finance Department, Programme Division in the Ministries/ Department of Gol etc.:

- (a) **Releases and expenditure:** This report will give the details of Gol releases State-wise, release date, Clearance memo number and date, release of State Share and date, expenditure incurred and advances made by SNA.(will be available for State Finance Department, SSM, SNA, SPMU and Programme Division in the Ministry).
- (b) **Statement on drawing limits and expenditure:** This report will give the details of allocation made by the parent agency to child agencies, level-wise and expenditure incurred by the agency and advances made by the agency.(will be available for SNAs/IAs, SSM, SPMU).
- (c) **Agencies using REAT/DBT for SNA:** This MIS report will give details of number of agencies registered as SNAs, number of child agencies registered and mapped, number of agencies using EAT / DBT etc.(will be available for State Finance Department, SSM, SPMU and Programme Division in the Ministry).
- (d) **Statement of Interest accrued in the SNA account:** Banks share the transaction-wise details of all agencies registered on PFMS, including interest credited by the banks against the balances lying in the account. This report will give the details of interest credited in the account of SNA to facilitate monitoring and subsequent remittance of the same to Gol account and State's account on pro-rata basis.(will be available for State Finance Department, SNA, SPMU and Programme Division in the Ministry).

Existing Reports**EAT reports:**

These reports provide information about EAT transactions scheme wise, Agency wise and component wise etc. The sub reports under this heading are:

- a. EAT02: Scheme wise EAT aggregation – It shows complete EAT data for releases, Expenditure for EAT and DBT, Advances, Transfer by the agencies, scheme wise and hierarchy wise.
- b. EAT03: Component wise Summary – It shows the component wise expenditure and advance made by the agencies.
- c. EAT05: CSS Scheme State Wise unspent balances – This report shows complete EAT data for all the linked schemes for one CSS scheme.
- d. EAT06: Agency EAT DBT usage summary
- e. EAT07: Agency Specific EAT unspent summary.
- f. EAT09: Agency Fund Reversal/Failure EAT Summary – It provides information about failed/expired PPAs and DSC.
- g. EAT10: EAT parent agency account usage summary.
- h. EAT11: Agency Fund deduction EAT report – It shows the deductions made by the agencies while booking vouchers.

PFMS-State Treasury Interface reports:

- a) TRSY-01 : Displays amount released by Gol to States, Budget earmarked by the State – Scheme wise, releases/expenditure and funds released Gol to agencies located in the State.
- b) TRSY-03 : Displays the mapping of State expenditure heads against Gol Scheme releases.
- c) TRSY-04 : Displays the status of data exchange between treasury and PFMS.

List of Acronyms:

1. API : Application Programming Interface
2. CBM : Central Beneficiary Master
3. CSS : Centrally Sponsored Scheme
4. DSC : Digital Signature Certificate
5. ePA : Electronic Payment Advice
6. FTO : Fund Transfer Order
7. IA/PIA : Implementing Agency/Programme Implementing Agency
8. NPCI : National Payment Corporation of India
9. PFMS : Public Financial Management System
10. PPA : Print Payment Advice
11. REAT : Receipt Expenditure Advance Transfer
12. SFTP : Secured File Transfer Protocol
13. SIS : Single Nodal Agency's IT System
14. SLS : State Linked Scheme
15. SNA : Single Nodal Agency
16. SPCU : State Project Cell user
17. SPMU : State Project Management user
18. SSM : State Scheme Manager
19. UI : User Interface
20. ZBSA : Zero Balance Subsidiary Accounts

F.No.1(13)/PFMS/FCD/2021
Government of India
Ministry of Finance
Department of Expenditure

5th Floor, Block 11, CGO Complex,
New Delhi, the 07th July, 2021

To

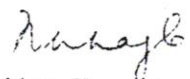
Chief Secretaries/ Principal Secretaries (Finance): All States/ UTs

Subject : FAQs on the Procedure for Release of funds under the Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released.

Madam/ Sir,

The undersigned is directed to refer to this Department's letter of even number dated 23rd March, 2021 notifying a new procedure for release of funds under the Centrally Sponsored Schemes (CSS). In this regard, please find attached Frequently Asked Questions on the new procedure to facilitate the quick implementation.

2. The new procedure has come into effect w.e.f. 1st July 2021. It is requested that strict compliance of new procedure be ensured.
3. This issues with the approval of the competent authority.


(Abhay Kumar)
Director
Tele No. 24360647

Frequently Asked Questions**(Set-1)****On****New Procedure for Releases of Funds Under Centrally Sponsored Schemes Issued on 23rd March, 2021**

Sl.No.	Question	Proposed Reply
1	What type of account is for SNAs and IAs i.e. Saving Bank Account or Current Account?	As per provisions contained in Para No. 10 of the new procedure dated 23.03.2021, an interest bearing accounts i.e. Savings Bank Account is to be opened for SNAs. In case of IAs, zero-balance subsidiary accounts linked to SNA's account are to be opened with clearly defined drawing limits.
2	Whether all the transactions of SNA Account and the zero balance subsidiary accounts will be mapped first in PFMS?	The State wise, scheme wise bank accounts of SNAs will be mapped in PFMS for fetching/sharing the information on transactions and balances available therein. As per Para no. 17 of the new procedure, for payments through PFMS, bank accounts of IAs, vendors and other organizations receiving funds have to be mapped on PFMS.
3	Do banks need to develop a new system for seamless management of funds, limits, MIS etc. for SNAs?	To enable smooth operation of zero balance subsidiary accounts of Implementing Agencies (IAs) and provide real time information on utilization of funds, banks need to develop suitable systems for managing just in time release of funds to down the line agencies, and report the information on balances/interests available to States/Centre (PFMS). SNA's have the following options for the implementation of the guidelines: <ol style="list-style-type: none"> 1. Integrate their own system (existing or newly created) with PFMS for MIS only i.e. post completion of transactions on their systems. 2. Integrate their own system (existing or newly created) with PFMS for payment through PFMS. 3. Directly use REAT module of PFMS. 4. SNA and all child agencies work on the State Integrated Financial Management System (IFMIS) integrated with PFMS. However, in this model too, SNA can't be replaced by Treasury. The State

		<p>must designate SNAs, Open Single Nodal Account of SNAs and IAs in banks and map them in IFMIS. Transfer of funds to PD account by the State or keeping funds in the Consolidated Fund of the state shall not be permitted</p> <p>For options 1 & 2 above, banks shall have to provide assistance, if required by the State governments, for the development/modification of the required systems.</p>
4	<p>Whether the transactions will first take place in SNA's external systems or in PFMS?</p>	<p>It depends on the system used by SNA as explained earlier in Ques No-3. SNA's have the following options for the implementation of the guidelines:</p> <ol style="list-style-type: none"> 1. Integrate their own system (existing or newly created) with PFMS for MIS only i.e. post completion of transactions on their systems. 2. Integrate their own system (existing or newly created) with PFMS for payment through PFMS. 3. Directly use REAT module of PFMS. 4. SNA and all child agencies work on the State Integrated Financial Management System (IFMIS) integrated with PFMS. However, in this model too, SNA can't be replaced by Treasury. The State must designate SNAs, Open Single Nodal Account of SNAs and IAs in banks and map them in IFMIS. Transfer of funds to PD account by the State or keeping funds in the Consolidated Fund of the state shall not be permitted <p>For options 1, 2 and 4, transactions will originate from the external system. In option 3 all transactions will be on PFMS.</p>
5	<p>What would be hierarchy of IAs? Whether it will be till Block Level or below?</p>	<p>To be decided by the State government/ SNA.</p>
6	<p>How the training to IAs will be imparted to use their zero-balance subsidiary account especially at</p>	<p>To be decided by Banks and SNAs. The State Directorates of PFMS shall play a supporting role in respective States.</p>

	lowest or Block level?	
7	How the existing account balance of IAs which are in different banks will be moved to the SNAs Bank?	This will be a one-time action for transfer of funds through electronic transfer or cheque or any other suitable instrument to be done as per the directions issued by State Government/ SNAs.
8	How the cash drawl will take place in case subsidiary account branch of the IAs is at a distant place?	Cash drawl can be done through cheque or a banking correspondent. As per Para 6 of OM only banks with extensive branch network is to be chosen to handle Single Nodal Account. As such, the chosen bank is expected to provide solution to this aspect
9	Whether the accounts of IAs, can be opened in Banks other than that of the SNA?	No.
10	To implement the new scheme from July 1, 2021 onwards, is it required to pull up all the current funds at IA account level to SNA account to make it zero-balance accounts?	Yes.
11	Some IA's are wanting to withdraw cash, write local payments etc. on the basis of their existing operating model, how should that be addressed?	In case the SNA opts for an external system, like Bank System or SNA's own system, the provision for withdrawing cash can be made in such external system. This can be done through cheques or banking correspondents. No issues are envisaged in these modes as the transaction will happen on the Single Nodal Account. The external system used by the SNA and IAs should have to provision for real time balance availability subject to allocated limits for such payments. The bank selected by SNA shall ensure that payments through checks and banking correspondents etc are ensured so that even functionaries in the remotest corner of the country do not face any problem in account operation. However, if the SNA is working directly in PFMS, where the provision of cheque payment is not there, the option of Print Payment Advice (PPA) in PFMS can be used.

12	Can the lower IAs use the subsidiary account for other schemes and other purposes?	No.
13	Some IAs also have receipts, such as taxes and fees. Can the Single Nodal Account be used for depositing such receipts?	No, except for receipts permitted by the Scheme Guidelines.
14	How the IAs limits will be re-assigned in case of refund of money in their zero balance subsidiary account?	The refund of money should go to the SNA. SNA will allocate the limit to respective IA as per fund availability and requirement.
15	How the banks will be communicated and what will be the procedure if there is a change in IAs limits?	Limits of each IA will be decided by SNA or an IA authorized to do so by SNA. For payments through PFMS, limits can be managed on PFMS. For integrated systems, SNA and banks have to decide the modalities.
16	Whether the drawing limits of all zero balance accounts of IAs will be captured in PFMS for reconciliation?	Yes.
17	Would all zero balance subsidiary accounts will have allocated drawing limits to be decided by the SNA concerned from time to time?	Yes, depending on the action plan for implementation of the CSS concerned
18	Will the drawing limit of IAs be reduced to the extent of utilization in PFMS also?	Yes.
19	What will be Expiry date of drawl of allocated limits for the IAs?	To be decided by SNA.
20	Setting drawing limit is the responsibility of SNA, whereas it is easy to set limits for districts, how would a single nodal	It is understood that this will be ensured by banks on the basis of information/orders provided by SNA. Limit allocation will be done by SNA or an IA authorized by SNA. Such protocols are available in PFMS. Similar

	agency set and keep updating limits for 79000 odd IAs which include schools etc.? Is there any provision for devolution of powers for setting limits?	protocols should also be developed if an external system is used by SNA. In case of PFMS, Excel upload facility for limits will be available in PFMS. Pre-population of Agencies list will also be made available for excel upload.
21	What will be the structure of MIS to be provided by banks for different agencies including SNAs, PFMS, IAs etc.?	For SNA and IAs: To be decided by the SNA/ State Government. For PFMS: As per PFMS requirements.
22	Whether Cheque drawing facility will be provided to IAs against the zero balance accounts?	In case the SNA opts for an external system, like Bank System or SNA's own system, the provision for payments through cheques can be made in such external system. In cheque payments no issues are envisaged as the cheques will be drawn on the Single Nodal Account. The external system used by the SNA and IAs should have to provision for real time balance availability subject to allocated limits for the cheque payments. The bank selected by SNA shall ensure that payments through checks and banking correspondents etc are ensured so that even functionaries in the remotest corner of the country do not face any problem in account operation. However, if the SNA is working directly in PFMS, the provision of cheque payment is not there. But, the option of Print Payment Advice (PPA) in PFMS can be used.
23	Who will develop the dashboard?	Dashboard is to be developed by Bank (Para. no. 6 of OM.) as per the requirement of SNA. If SNA is using an external system, dashboard may be developed by the external system
24	How to handle the transactions, if banks are not located at the place of IAs?	The IA can operate the account through a banking correspondent or cheque or online banking in such cases. As per Para 6 of OM only banks with extensive branch network is to be chosen to handle Single Nodal Account.
25	Whether banks are	Banks need not maintain separate details of

	required to maintain the record about the Central share and the state share separately?	State and Central share.
26	How the inter-bank integration and settlement of transactions will be made, if SNA account and Zero balance subsidiary accounts of IAs are in different banks?	The SNA & subsidiary accounts are required to be with the same bank.
27	Whether Bank's CBS /dedicated module will be required to integrate with PFMS also?	Banks are already integrated with PFMS. Necessary changes in exchange of information between banks and PFMS may be made to meet the requirements of the guidelines.
28	What will be the modalities in absence of IT infrastructure at the Block and lower levels, which may hinder the work for IAs?	Accounts can be operated through cheque or a banking correspondent. As per Para 6 of OM only banks with extensive branch network is to be chosen to handle Single Nodal Account. As such, the chosen bank is expected to provide solution to this aspect
29	For implementation of revised CSS scheme, whether any changes in the payment process for agencies are being made in PFMS?	No. Existing payment modes to continue.
30	In case of vendor payments, the agencies deduct TDS (entry is made in PFMS) accordingly payment file is generated. In case of Debit from Higher Account model, how is the TDS entry going to get managed?	In case of PFMS, facility of deduction of TDS is available. However, facility for depositing the tax deducted is not available. Necessary reports are available in PFMS to know the amount of tax deducted for depositing the same with the authority concerned . If SNA prefers to use an external system, facility for tax deduction and deposit should be made available in such external system.
31	Whenever Implementing agencies originate a transaction at PFMS, whether real time limit availability is checked at PFMS end?	Yes, Only for payments routed through PFMS.

32	Whether details of all transactions implementing agencies are captured at PFMS end?	Yes. Only for payments routed through from PFMS.
33	Whether beneficiary/vendor data are maintained at PFMS end?	Yes. Only for payments routed through from PFMS
34	For MIS purpose, is following data maintained at PFMS end? a. Budget heads e.g. various components, b. Expenditure heads c. Sub scheme data, etc.	Yes
35	PFMS registration by IA's needs a Bank Account for registration (as of now), the OM of DoE mentions of zero balance account of IA's being opened wherever applicable. In case sub IA account is required, how will the PFMS make the registrations?	For every scheme a separate single nodal account needs to be opened by SNA and zero balance accounts are to be opened, if required, by the implementing agencies down the ladder.
36	Whether the zero balance accounts be CBS based accounts or virtual a/c's?	To be decided between SNA/ Banks.
37	When the SOP will be made available to banks defining the actual need of MIS for all stakeholders and maintenance of accounts?	This is to be done by the respective SNA/ State Government.
38	What will be the criteria for selection of a Bank for a particular scheme?	The decision for selection of the banks for the SNA lies with the State Government. The OM in Para. 6 provides guidelines that only banks having robust IT systems, extensive branch network and capability to provide accounting/ reconciliation services etc. at each level would be considered for the State Nodal Accounts.
39	Whether the entire	SNAs and the Banks have a major role in

	mechanism as per OM dt. 23/03/2021 can be delivered to states through PFMS itself?	implementing the guidelines. PFMS shall be supporting the MIS requirements of Program Divisions of Central Government Ministries and departments to ensure just in time releases. State has the option to use PFMS or integrate their own system with PFMS.
40	Whether more time beyond 1/7/2021 will be given to banks for implementation of new CSS Scheme?	No, except in accordance with the relaxations given on para 11 and 13 where implementation date has been extended to 30.9.2021.
41	Whether separate scheme specific guidelines for required changes/updation will be issued by the respective Ministries/Departments for implementation of the new CSS Scheme?	The new procedure for release and utilization of funds of CSS issued by the Department of Expenditure on 23rd March, 2021 shall be strictly followed. Any change can be done only with the approval of the Department of Expenditure, Ministry of Finance.
42	For states where CSS are implemented through State treasury, how the new CSS guidelines model will be implemented?	Even where CSS are implemented through State Treasury, the provisions regarding notification of a Single Nodal Agency and flow of both central and State share to the Single Nodal Account in a scheduled commercial bank shall be strictly adhered to. Else, the State has to change the implementation model to make it strictly as per the new procedure for release of funds
43	How the Interest accrual in SNA account on Central Govt. share will be remitted through PFMS or whether the interest accrued will be adjusted in next disbursement?	Guidelines on calculation and deposit of interest in the respective Consolidated Funds have been issued separately wide letter/OM dated 30th June, 2021
44	Please advise on modus operandi for Interest accrual in SNA of central govt. share? Banks may have a challenge in bifurcating central and state share in absence of a specially designed module on the same.	Guidelines on calculation and deposit of interest in the respective Consolidated Funds have been issued separately wide letter/OM dated 30th June, 2021
45	Some banks are ready with the solutions for	To be decided by SNA/State Govt.

	implementation of scheme. Will DoE/PFMS issue instructions to State/Ministries/Departments on engaging such banks on exploring SNA implementation?	
46	Can there be an addendum to the OM dt. 23/03/2021 saying that zero balance bank accounts can be opened in different branches of different banks?	No
47	As far as fund operation through offline mode - If the cheques are not presented on the same day, fund will be returned back to the parent account and after 2-3 days when the cheque is presented, it will be dishonoured, as there is no fund in the zero balance account. How to deal with such cases?	In cheque payments no issues are envisaged as the cheques will be drawn on the Single Nodal Account. The external system used by the SNA and IAs should have to provision for real time balance availability subject to allocated limits for the cheque payments
48	In PMAY (U), one state has urban local bodies adding their component after the Central and State share in their account. How such schemes will be implemented in those states?	Scheme specific clarifications can be obtained through respective Ministries.
49	In the Smart city scheme, there are separate legal entity with no sub accounts and get money from Centre and State in their account through which payments are made. In SNA model in present form, would they also need to be creating a single nodal account at state,	Scheme specific clarifications may be obtained through respective Ministries.